

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2014
AND FOR THE YEAR THEN ENDED

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2014
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HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2014

To the Honorable Mayor Harry Lewis
and the Members of the Town Council
Town of Rayville, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on Pages 4-10 and *Budgetary Comparison Information* on Pages 39-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The information on Pages 42-44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2014

The management of the Town of Rayville, Louisiana offers readers of the Town of Rayville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial condition and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the Police and Fire Departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$14,439,582 (net position); this represents a decrease of \$658,785 from last fiscal year. Of this total net position amount, \$1,653,126 is unrestricted net position. The Town's net positions are comprised of \$6,664,284 from governmental activities and \$7,775,298 from business-type activities.

The following is a condensed statement of the Town of Rayville's net position as of June 30, 2014:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current and other assets	1,222,925	2,285,829	3,508,754
Capital assets (net)	<u>5,766,538</u>	<u>13,799,892</u>	<u>19,566,430</u>
Total assets	6,989,463	16,085,721	23,075,184
Liabilities			
Other liabilities	290,710	838,428	1,129,138
Long-term liabilities	<u>34,469</u>	<u>7,471,995</u>	<u>7,506,464</u>
Total liabilities	<u>325,179</u>	<u>8,310,423</u>	<u>8,635,602</u>
Net Position			
Net invested in capital assets	5,715,274	6,567,048	12,282,322
Restricted	199,067	305,067	504,134
Unrestricted	<u>749,943</u>	<u>903,183</u>	<u>1,653,126</u>
Total net position	<u>6,664,284</u>	<u>7,775,298</u>	<u>14,439,582</u>

By far the largest portion of the Town's net position (\$12,282,322 or 85%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining balance, (3% or \$504,134) is restricted net positions and (12% or \$1,653,126) is unrestricted net positions, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$7,649,340, which was used to finance some of the \$19,566,430 capital assets. Total liabilities of \$8,635,602 are equal to 60% of the total net positions.

The Town's governmental activities increased net positions by \$138,580 while the business type activities decreased net positions by \$797,365.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Revenue:</u>			
Program revenue	703,190	1,517,886	2,221,076
General revenue	<u>2,193,066</u>	<u>1,250</u>	<u>2,194,316</u>
Total revenue	2,896,256	1,519,136	4,415,392
<u>Expenses:</u>			
General and administrative	1,046,609	-	1,046,609
Public safety	1,095,869	-	1,095,869
Public works	767,140	-	767,140
Recreation	81,622	-	81,622
Airport	147,588	-	147,588
Utility	-	1,933,520	1,933,520
Total expenses	<u>3,138,828</u>	<u>1,933,520</u>	<u>5,072,348</u>
<u>Excess of revenues over expenditures</u>	(242,572)	(414,384)	(656,956)
Transfers	380,301	(380,301)	-
Sale of capital asset	<u>851</u>	<u>(2,680)</u>	<u>(1,829)</u>
<u>Increase (decrease) in net positions</u>	138,580	(797,365)	(658,785)
<u>Net positions June 30, 2013</u>	<u>6,525,704</u>	<u>8,572,663</u>	<u>15,098,367</u>
<u>Net positions June 30, 2014</u>	<u>6,664,284</u>	<u>7,775,298</u>	<u>14,439,582</u>

Governmental revenues in the current and prior fiscal year are comprised of the following:

	<u>Year End June 30, 2014</u>	<u>Year End June 30, 2013</u>
<u>Program revenues:</u>		
Rents and fees	22,531	25,613
Fines	251,919	199,502
User fees	256,052	257,396
Operating grants	45,669	118,615
Capital grants	<u>127,019</u>	<u>359,130</u>
Total program revenue	<u>703,190</u>	<u>960,256</u>
<u>General revenues:</u>		
Property taxes	301,145	256,329
Sales taxes	1,436,754	568,535
Franchise and insurance taxes	152,656	142,659
Other tax and licenses	166,261	176,848
Investment earnings	2,478	2,767
Other general revenues	63,363	560,393
Intergovernmental	<u>70,409</u>	<u>74,571</u>
Total general revenues	<u>2,193,066</u>	<u>1,782,102</u>

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, and Industrial Development. Revenues normally associated with municipal operations are sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants.

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water and sewer services.

Fund Financial Statements – Town of Rayville – All Funds

An analysis of the individual funds of the Town for the fiscal year is outlined below:

	Governmental Funds			Water & Sewer Fund
	General Fund	Sales Tax Fund	Industrial Park Fund	
Revenues	1,460,174	1,436,878	55	1,432,736
Expenditures	2,925,384	18,335	-	1,693,959
Excess of revenues	(1,465,210)	1,418,543	55	
Operating income	-	-	-	(261,223)
Other financial sources (uses)	1,558,794	(1,157,893)	-	(297,831)
Non-operating revenue (expenses)	-	-	-	(238,311)
Net change	93,584	260,650	55	(797,365)
Beginning fund balance or net position	420,864	131,468	42,389	8,572,663
Ending fund balance or net position	514,448	392,118	42,444	7,775,298

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains three individual governmental funds (General Fund, Special Revenue – Sales Tax and Special Revenue – Economic Development). Each fund is considered a major fund. Information is presented separately for each fund as outlined in the table of contents.

The Town adopts an annual budget for the General Fund and the Special Revenue – Sales Tax Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund and the Special Revenue – Sales Tax Fund are presented in the Required Supplemental Information (Part II), which compares actual revenues and expenditures to the budget figures. The Town did not adopt a budget for the Special Revenue – Economic Development Fund.

Financial Analysis of the Town's Governmental Funds

The Town of Rayville's governmental funds (General Fund, Special Revenue – Sales Tax and Special Revenue – Economic Development) reported an ending fund balance of \$949,010, which is an increase of \$354,289. \$223,292 of the fund balance is restricted. \$367,893 of the fund balance Unrestricted – Assigned. The remaining amount \$357,825 is Unrestricted – Unassigned.

Fund Financial Statements – Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its Combined Water and Sewer Operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund shows a decrease in total net positions of \$797,365. The operating loss in the Water and Sewer Departments totaled \$261,223.

The water billing rates set forth in Resolution 2006-14 were implemented on July 1, 2010. The new rates significantly increased the Town's water revenue in the proprietary fund.

The sewer billing rates set forth in Resolution 2011-4 were implemented on July 1, 2011. The new rates significantly increased the Town's sewer revenue in the proprietary fund.

The financial statements of the enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual funds statements. All comments and analysis made under business-type activities, also apply to these funds.

General Fund Budgetary Highlights

Actual revenues were \$154,826 less than the budgeted amounts. Expenditures were less than budget by \$354,616. Other financing sources were less than budget by \$106,206.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2014 is \$12,282,322, which is an increase of \$170,995 from the amount of \$12,111,327 at June 30, 2013.

New major capital assets purchased or constructed in fiscal year 2014 are:

Governmental activities:

- | | |
|------------------------------------|----------|
| 1. Equipment | \$36,970 |
| 2. Airport Improvement in Progress | 87,655 |

Proprietary activities:

- | | |
|------------------------------------|-----------|
| 1. System Improvements in Progress | \$614,390 |
| 2. Vehicles and Equipment | 25,329 |

Proprietary Debt:

The Town of Rayville used cash, grants and loans to acquire the current year capital assets. Through the USDA RDC, the Town has grant/loan projects committed for funding that have not yet been started.

Through the FAA and LA DOTD, the Town has started an airport improvement project. The project total of \$494,273 will be funded through grants. The cost of the project at June 30, 2014, of \$373,204, was funded by the combined grant agencies. The remaining grant funds available for the project are \$121,069.

-Through the FAA and LA DOTD, the Town has started an airport fencing project. The project total of \$284,356 will be funded through grants. The cost of the project at June 30, 2014, of \$231,925 was funded by the combined grant agencies. The remaining grant funds available for the project are \$52,431.

General Governmental Debt:

Various capital assets were purchased by the Town through capital leases.

The following is a summary of General Government and Proprietary debt transactions of the Town for the fiscal year ended June 30, 2014:

	Bonds Payable <u>7-1-13</u>	New Loans	Loans Retired	Bonds Payable <u>6-30-14</u>
Water Phase I	2,107,824	-	(24,051)	2,083,773
Water Revenue Bonds	858,447	-	(19,081)	839,366
Water Phase II	-	166,000	-	166,000
2006 Sewer Bonds	181,172	-	(2,619)	178,553
2007 Sewer Bonds	351,698	-	(5,137)	346,831
USDA WWTP	4,015,000	-	(52,886)	3,962,114
Ally Bank	-	25,329	(3,890)	21,439

Governmental Debt

	<u>Street Equipment</u>
Payable at July 1, 2013	40,723
New lease	20,600
Capital lease retired	<u>(10,059)</u>
Payable at June 30, 2014	<u>51,264</u>

Current Financial Factors

With the exception of changes in Capital Grants, revenues for the upcoming fiscal year are expected to remain relatively constant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Rayville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deborah Nealon, Town Clerk, Post Office Box 878, Rayville, Louisiana 71269.

Government-Wide Financial Statements

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	614,738	1,371,712	1,986,450
Receivables (net of allowances for uncollectibles)	384,896	238,342	623,238
Restricted cash and cash equivalents	126,374	641,864	768,238
Grant receivable	96,917	-	96,917
Loan cost (net of amortization)	-	33,911	33,911
Capital assets (net)	<u>5,766,538</u>	<u>13,799,892</u>	<u>19,566,430</u>
Total assets	<u>6,989,463</u>	<u>16,085,721</u>	<u>23,075,184</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	147,541	602,643	750,184
Payable from restricted assets	126,374	109,704	236,078
Current portion of capital leases payable	10,175	4,653	14,828
Current portion of notes payable	6,620	121,428	128,048
Capital leases payable, beyond one year	21,029	-	21,029
Notes payable, beyond one year	<u>13,440</u>	<u>7,471,995</u>	<u>7,485,435</u>
Total liabilities	325,179	8,310,423	8,635,602
<u>NET POSITION</u>			
Net invested in capital assets	5,715,274	6,567,048	12,282,322
Restricted for renewal and replacement	-	305,067	305,067
Restricted for economic development and grant restrictions	199,067	-	199,067
Unrestricted	<u>749,943</u>	<u>903,183</u>	<u>1,653,126</u>
Total net position	<u>6,664,284</u>	<u>7,775,298</u>	<u>14,439,582</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues				Net (Expenses), Revenues, and Changes		
		Charges for	Operating Grants and	Capital Grants and	Net (Expenses)	Governmental	Business- Type	
	Expenses	Services	Contributions	Contributions	Revenue	Activities	Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	1,046,609	22,531	45,669	-	(978,409)	(978,409)	-	(978,409)
Public Safety-Police	926,117	251,919	-	40,000	(634,198)	(634,198)	-	(634,198)
Public Safety-Fire	169,752	-	-	-	(169,752)	(169,752)	-	(169,752)
Public Works-Streets	519,513	-	-	-	(519,513)	(519,513)	-	(519,513)
Public Works-Sanitation	247,627	255,392	-	-	7,765	7,765	-	7,765
Recreation	81,622	660	-	-	(80,962)	(80,962)	-	(80,962)
Airport	147,588	-	-	87,019	(60,569)	(60,569)	-	(60,569)
Total Governmental Activities	3,138,828	530,502	45,669	127,019	(2,435,638)	(2,435,638)	-	(2,435,638)
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer	1,933,520	1,432,736	85,150	-	(415,634)	-	(415,634)	(415,634)
Total Business-Type Activities	1,933,520	1,432,736	85,150	-	(415,634)	-	(415,634)	(415,634)
Total	5,072,348	1,963,238	130,819	127,019	(2,851,272)	(2,435,638)	(415,634)	(2,851,272)
General Revenues:								
Property Taxes						301,145	-	301,145
Sales Taxes						1,436,754	-	1,436,754
Franchise and Insurance Taxes						152,656	-	152,656
Beer Taxes						5,686	-	5,686
Occupational and Other Licenses						160,575	-	160,575
Investment Earnings						2,478	1,250	3,728
Other General Revenues						63,363	-	63,363
Intergovernmental						70,409	-	70,409
Transfers						380,301	(380,301)	-
Sale of Capital Asset						851	(2,680)	(1,829)
Total general revenues and transfers						2,574,218	(381,731)	2,192,487
Change in Net Position						138,580	(797,365)	(658,785)
Net position-beginning						6,525,704	8,572,663	15,098,367
Net position-ending						6,664,284	7,775,298	14,439,582

The accompanying notes are an integral part of the financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF RAYVILLE, LOUISIANA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Sales Tax</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	(10,974)	251,828	-	240,854
Restricted cash and cash equivalents	59,706	24,225	42,443	126,374
Investments	373,884	-	-	373,884
Receivables (net of allowances for uncollectibles)				
Licenses and permits	2,962	-	-	2,962
Taxes, including penalty, interest and fees	34,567	117,672	-	152,239
Services	2,882	-	-	2,882
Fines and forfeits	167,264	-	-	167,264
Other	5,783	-	-	5,783
Intergovernmental	52,545	-	-	52,545
Grant	96,917	-	-	96,917
Accrued interest	1,218	2	1	1,221
Total assets	<u>786,754</u>	<u>393,727</u>	<u>42,444</u>	<u>1,222,925</u>
<u>Liabilities</u>				
Accounts payable	211,810	1,609	-	213,419
Accrued expenditures	14,090	-	-	14,090
Estimated compensated absences	46,406	-	-	46,406
Total liabilities	<u>272,306</u>	<u>1,609</u>	<u>-</u>	<u>273,915</u>
<u>Fund Balance</u>				
Non-spendable fund balance	-	-	-	-
Restricted fund balance-grants	156,623	24,225	42,444	223,292
Unrestricted fund balance				
Committed fund balance	-	-	-	-
Assigned fund balance	-	367,893	-	367,893
Unassigned fund balance	<u>357,825</u>	<u>-</u>	<u>-</u>	<u>357,825</u>
Total fund balance	<u>514,448</u>	<u>392,118</u>	<u>42,444</u>	<u>949,010</u>
Total liabilities and fund balance	<u>786,754</u>	<u>393,727</u>	<u>42,444</u>	<u>1,222,925</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2014

Fund Balances – Total Governmental Funds		949,010
Amounts reported for governmental activities in Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds		
Governmental capital assets	9,634,808	
Less-accumulated depreciation	<u>(3,868,270)</u>	5,766,538
Capital leases and notes payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds		
		<u>(51,264)</u>
Net Position of Governmental Activities		<u>6,664,284</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Revenues</u>			
Taxes	459,487	1,436,754	1,896,241
Licenses and permits	160,575	-	160,575
Intergovernmental revenue	243,097	-	243,097
Charges for service	278,583	-	278,583
Fines and forfeits	251,919	-	251,919
Interest	2,299	179	2,478
Other	64,214	-	64,214
Total revenues	<u>1,460,174</u>	<u>1,436,933</u>	<u>2,897,107</u>
<u>Expenditures</u>			
Current:			
General government	915,666	18,335	934,001
Fire	151,508	-	151,508
Police	902,417	-	902,417
Highways and streets	499,838	-	499,838
Sanitation	247,627	-	247,627
Recreation	67,553	-	67,553
Airport	16,152	-	16,152
Capital outlay	124,623	-	124,623
Total expenditures	<u>2,925,384</u>	<u>18,335</u>	<u>2,943,719</u>
Excess (deficiency) of revenues over expenditures	(1,465,210)	1,418,598	(46,612)
Other financing sources (uses)			
Capital leases	20,600	-	20,600
Operating transfers in	1,157,893	-	1,157,893
Operating transfers (out)	380,301	(1,157,893)	(777,592)
Total other financing sources (uses)	<u>1,558,794</u>	<u>(1,157,893)</u>	<u>400,901</u>
Excess of revenues and other sources over expenditures and other uses	<u>93,584</u>	<u>260,705</u>	<u>354,289</u>
Fund balance at beginning of year	<u>420,864</u>	<u>173,857</u>	<u>594,721</u>
Fund balance at end of year	<u>514,448</u>	<u>434,562</u>	<u>949,010</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances, Total Governmental Funds	354,289
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives
and reported as depreciation expenses.

Expenditures for capital assets	124,625	
Disposal of capital assets	(5,913)	
Less-current year depreciation	<u>(323,885)</u>	(205,173)

The issuance of long-term debt (bonds, leases, etc.)
provides current financial resources to governmental
funds, while the repayment of the principal of long-term
debt consumes the current financial resources of
governmental funds. Neither transaction, however,
has any effect on net position. This amount is the net
effect of these differences in the treatment of
long-term debt and related items.

Capital lease proceeds	(20,600)	
Capital lease and loan payments	<u>10,064</u>	<u>(10,536)</u>

Changes in Net Position of Governmental Activities	<u>138,580</u>
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The accompanying notes are an integral part of the financial statements.

Proprietary Funds

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF NET POSITION
WATER AND SEWER ENTERPRISE FUND

JUNE 30, 2014

A S S E T S

Current assets:

Cash and cash equivalents	1,371,712
Customer accounts receivable (net of allowances for uncollectibles of \$47,417)	185,671
Unbilled accounts receivable	52,601
Accrued interest	<u>70</u>
Total current assets	1,610,054

Non-current assets:

Loan cost (net of amortization)	33,911
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Restricted assets (cash and investments):

Construction accounts	63,773
Customer deposits	305,067
Sewer bond funds	62,351
Water bond funds	<u>210,673</u>
Total restricted assets	641,864

Property, plant, and equipment:

Land	51,925
Improvements	<u>17,962,997</u>
	18,014,922
Less-accumulated depreciation	<u>(4,215,030)</u>
Net property, plant, and equipment	<u>13,799,892</u>
Total non-current assets	<u>14,475,667</u>

Total assets	<u>16,085,721</u>
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The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	583,240
Other accrued expenses	13,403
Estimated compensated absences	<u>6,000</u>
Total current liabilities	602,643

Current liabilities-restricted assets:

Customer meter deposits	109,704
Current portion of revenue bonds	121,428
Current portion of note payable	<u>4,653</u>
Total current liabilities-restricted assets	235,785

Long-term liabilities:

Revenue bonds	<u>7,471,995</u>
Total long-term liabilities	<u>7,471,995</u>

Total liabilities	8,310,423
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Net position:

Net investment in capital assets	6,567,048
Restricted expendable net position	305,067
Unrestricted net position	<u>903,183</u>
Total net position	<u>7,775,298</u>

Total liabilities and net position	<u><u>16,085,721</u></u>
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TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS-ALL PROPRIETARY FUND TYPES
WATER AND SEWER ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2014

<u>Operating revenues:</u>	
Charges for services	1,332,682
Lease revenue	<u>100,054</u>
Total operating revenue	1,432,736
<u>Operating expenses:</u>	
Bad debts	92,621
Depreciation	665,474
Employee benefits	37,887
Fuel	26,765
Insurance	65,588
Professional	76,737
Repairs and equipment	150,731
Salaries	199,121
Supplies	178,709
Telephone and utilities	<u>200,326</u>
Total operating expenses	<u>1,693,959</u>
<u>Operating income</u>	(261,223)
<u>Non-operating revenues (expenses):</u>	
Interest	1,250
Amortization	(1,229)
Interest	<u>(238,332)</u>
Total non-operating revenues (expenses)	(238,311)
<u>Income before contributions and transfers</u>	(499,534)
<u>Other financing sources (uses):</u>	
Grants	85,150
Transfers in (out):	
General fund	(380,301)
Asset disposal	<u>(2,680)</u>
Total other financing sources (uses)	<u>(297,831)</u>
<u>Change in net position</u>	(797,365)
<u>Total net position at beginning of year</u>	<u>8,572,663</u>
<u>Total net position at end of year</u>	<u>7,775,298</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS, PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2014

<u>Cash flows from operating activities:</u>	
Receipts from customers and users	1,500,310
Operating grants	85,150
Payments to suppliers	(854,683)
Payments to employees	<u>(197,886)</u>
Net cash provided by operating activities	532,891
<u>Cash flows from noncapital financing activities:</u>	
Transfers (to) other funds	<u>(380,301)</u>
Net cash (used) by noncapital financing activities	(380,301)
<u>Cash flows from capital and related financing activities:</u>	
Capital grants	58,430
Construction of capital assets	(255,471)
Principal paid on capital debt	(107,665)
Interest paid on capital debt	(234,255)
Financing on capital construction	25,329
Interim loan on capital construction	<u>166,000</u>
Net cash (used) by capital and related financing activities	(347,632)
<u>Cash flows from investing activities:</u>	
Interest on temporary investments	1,250
Interest reinvested	<u>(70)</u>
Net cash provided by investing activities	<u>1,180</u>
<u>Net (decrease) in cash and cash equivalents</u>	(193,862)
<u>Cash and cash equivalents, beginning of year</u>	<u>2,207,438</u>
<u>Cash and cash equivalents, end of year</u>	<u><u>2,013,576</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS, PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of operating income to net cash
provided by operating activities

Operating income	(261,223)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	665,474
Operating grants	85,150
Change in assets and liabilities	
(Increase) in accounts receivable	54,458
(Decrease) in accounts payable	(20,745)
Increase in accrued liabilities	1,696
Increase in customer deposits	8,081
Total adjustments	<u>794,114</u>
Net cash provided by operating activities	<u>532,891</u>

Schedule of cash and cash equivalents

Current assets:

Cash and cash equivalents	1,371,712
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Restricted assets:

Cash and cash equivalents	<u>641,864</u>
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Total cash and cash equivalents	<u><u>2,013,576</u></u>
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The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

TOWN OF RAYVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

I. Summary of Significant Accounting Policies

The Town of Rayville, Louisiana was incorporated in 1911, under the provisions of the Lawrason Act. The Town operates under a Town Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Rayville conform to generally accepted accounting principles as applicable to governments. The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund unit applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. SCOPE OF REPORTING ENTITY

This report contains all of the funds of the Town of Rayville. There are no significant additional organizations, functions, or activities over which the Town has manifestations of oversight and accountability, or for which the scope of public service or special financial arrangements may require them to be included in this report as per NCGA Statement 1 and GASB 14.

The Town of Rayville appoints the board of directors of the Rayville Housing Authority but has no financial accountability for the Rayville Housing Authority. There is no related-party activity between the Town and the Rayville Housing Authority. The Rayville Housing Authority submits its own financial statements which are a matter of public record. Because there is no financial accountability/obligation between the Town and the Housing Authority, those financial statements are not included in the Town's financial reports.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to

I. Summary of Significant Accounting Policies (Continued)

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Management considers each of its funds (General Fund, Special Revenue – Sales Tax Fund, Special Revenues – Industrial Park Fund, and Proprietary Fund) to be a major fund.

The content and certain titles of the GWFS were changed upon the adoption by the Council in the prior fiscal year of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Council had no deferred outflows or inflows of resources at June 30, 2014.

C. BASIS OF PRESENTATION

FUND CATEGORIES

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report into two generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing

I. Summary of Significant Accounting Policies (Continued)

body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Their reported fund equity (net total position) is segregated into Investment in Capital Assets, Net of Related Debt, Restricted Net Assets, and Unrestricted Net Assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

GOVERNMENTAL FUNDS

Revenues are recognized when they become measurable and available as net current assets. Available is generally defined as within 60 days. The revenue recognition is determined for each primary revenue source as detailed below:

SALES TAX - Sales Tax revenue is recorded when taxpayer liability is established and collectibility is reasonably assured using the modified accrual basis of accounting.

FINES – Based on the criteria of legal requirements, measurability, and collectibility, fines are recorded on the accrual basis of accounting.

PROPERTY TAXES - Property tax revenue is recorded when the taxes are levied as they become measurable and available at that time. Property taxes are levied on November 1 and are due and payable at that time. An enforceable lien attaches to the property on January 1, as taxes become delinquent after December 31. The Town bills and collects its own property taxes. Property taxes receivable are accrued, and recognized in the accounts reduced by an allowance for uncollectible taxes receivable when determinable by management.

The Louisiana Municipal Finance Law permits the Town to levy taxes of \$20 per \$100 of assessed valuation. The tax for the current period was 12.14 mills.

TAXPAYER ASSESSED REVENUES - Revenues from taxpayer assessment is recognized when cash is received as that is generally the earliest point that income is measurable and collectible. If taxpayer collectibility and liability are clearly established, as when tax returns are filed but payment while assured is not made, revenue is accrued prior to actual payment. Any refunds of such taxes would be reported as a reduction of revenue at the time the claims are filed with the Town.

I. Summary of Significant Accounting Policies (Continued)

MISCELLANEOUS REVENUES - Revenues from facility rental, swimming pool fees and other miscellaneous revenues are recorded as the cash is received.

GRANTS - Grants recorded in governmental funds are recognized as revenue in the accounting period when they become susceptible to accrual. Legal and contractual requirements are reviewed in making this determination with each grant. Generally revenue is recorded at the time of receipt or earlier if the susceptibility to accrual criteria is met. As expenditures are often the prime factor for determining eligibility, revenues are recognized when the expenditure is made. If cost sharing or matching requirements exist, revenue recognition depends upon compliance with these requirements. Grants are included as Intergovernmental Revenue.

The measurement focus of governmental funds is on expenditures which represent decreases in net financial resources. Most expenditures are measurable and should be recorded when the related liability is incurred. The expenditures shall be the amount accrued during the year that would normally be liquidated with expendable available financial resources.

The expenditures for the following are recognized as detailed below:

COMPENSATED ABSENCES. All accumulated unpaid sick pay is accrued when incurred in the governmental fund. Such accruals are to be paid with current available spendable resources and therefore represent current liabilities.

PENSION EXPENDITURES. The expenditure is recognized as the amount accrued during the year that will be liquidated with expendable available financial resources. This accrual is established by the amount of the payroll and the multiple employer retirement plans. All accrued amounts are considered to be current liabilities.

LONG-TERM DEBT. Expenditures for principal and interest on general obligation long-term debt are recorded in the year of payment.

INVENTORY. Inventory items (material and supplies) are considered to be insignificant and are reported as expenditures when purchased.

POSTEMPLOYMENT BENEFITS. The Town offers no Postemployment benefits other than retirement system pensions.

PROPRIETARY FUNDS

The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses are limited to items directly related to the services of the Water and Sewer Systems and Lease Revenue. All other items are considered nonoperating. The following revenue or expense recognition applies:

UNBILLED WATER RECEIVABLES - The Town utilizes cycle billing to generate its water and sewer bills. The unbilled cycle representing water and sewer services provided is accrued for revenue recognition in the period earned.

COMPENSATED ABSENCES - Sick pay applicable to employees of the Water and Sewer Fund is accrued as it is earned and the expense recognized in the period incurred.

I. Summary of Significant Accounting Policies (Continued)

PENSION EXPENSE - The pension expense applicable to employees of the Water and Sewer Fund is accrued as the salary is expensed upon which the cost is based.

INVENTORY - Inventory items (material and supplies) are considered to be nonmaterial and are reported as expenses when purchased.

POSTEMPLOYMENT BENEFITS. The Town offers no Postemployment benefits other than retirement system pensions.

E. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets used in the governmental funds. The Town elected not to report major general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5-15 years
Machinery and equipment	5-15 years
Business-type activities/enterprise fund:	
Buildings	25 years
Systems and improvements	20-50 years
Machinery and equipment	10-20 years
Vehicles	5 years

I. Summary of Significant Accounting Policies (Continued)

F. FUND BALANCE AND EQUITY CLASSIFICATIONS

Fund Balance

The Town of Rayville has implemented GASB 54. The Town assumes that when amounts are expended for purposes for which funds in any of the unrestricted classifications could be used, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts.

Committed Fund Balance: The Town's highest level of decision making authority is through the process of adopting an ordinance. As such, an ordinance is introduced at an open Town Council meeting and adoption (or lack thereof) is at the next open Town Council meeting.

Assigned Fund Balance: The Special Revenue – Sales Tax Fund was established by the passage and renewal of the tax rate. The Town Council and Mayor administer the fund for the benefit of the Town's General Fund.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted assets – consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted assets – all other assets that do not meet the definition of "restricted" or "net investment in capital assets."

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

I. Summary of Significant Accounting Policies (Continued)

- a. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The statement of revenues, expenditures, and changes in fund balances - budget and actual for all governmental fund types presents comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.
- c. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
- d. Prior to June 15, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
- e. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- f. The budgets were not amended in the reporting year. The budget amounts shown in the financial statements are the final authorized amounts.

II. Stewardship, Compliance, and Accountability

A. BUDGETARY COMPLIANCE

The Town was not in compliance with the General Fund budget. The Town was in compliance with the Sales Tax Special Revenue Fund Budget. The Town did not adopt a budget for the Economic Development Special Revenue Fund.

B. BOND RESTRICTIONS

(a) WATER REVENUE BONDS

The Water Revenue Bonds issued on July 28, 1998, are secured by and payable solely from the income and revenues derived or to be derived from the operation of the water system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires the Town to maintain certain cash accounts (Water Revenue Fund, Sinking Fund, Reserve Fund, and Contingency Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2014, the Town was adequately funded in the cash restricted for the Water Revenue Bonds.

II. Stewardship, Compliance, and Accountability (Continued)

(b) 2006 SEWER BOND (SEWER PHASE I)

The 2006 Sewer Bonds issued on November 14, 2006, are secured by and payable solely from the income and revenues derived or to be derived from the operation of the sewer system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires the Town to maintain certain cash accounts (Depreciation Fund, Reserve Fund, and Contingency Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2014, the Town was adequately funded in the cash restricted for the 2006 Sewer Bonds.

(c) 2007 SEWER BOND (SEWER PHASE II)

The 2007 Sewer Bonds issued on October 11, 2007, are secured by and payable solely from the income and revenues derived or to be derived from the operation of the sewer system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires the Town to establish certain cash accounts (Debt Service Fund and Depreciation Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2014, the Town had adequately funded the required cash accounts.

(d) WATER PHASE I

The Water Phase I Bonds issued on June 9, 2010, are secured by and payable solely from the income and revenue derived or to be derived from the operation of the water system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires the Town to establish certain cash accounts (Sinking Fund, Debt Service Fund, and Depreciation Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2014, the Town had adequately funded the required cash accounts.

(e) WASTE WATER TREATMENT PLANT

The Waste Water Treatment Plant Bonds issued on September 17, 2012 are secured by and payable solely from the income and revenue derived or to be derived from the operation of the sewer system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires the Town to establish certain cash accounts (Debt Service Reserve, Short-Lived Asset, Depreciation Reserves, O&M Reserve, and Depreciation/Contingency Reserve) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2014, the Town had not adequately funded the required cash accounts.

II. Stewardship, Compliance, and Accountability (Continued)

C. STEWARDSHIP AND ACCOUNTABILITY

In September 2013, the Mayor became aware of a potential fraud. As required by law, the Legislative Auditor's Office was notified. An investigation is underway by that office. The estimated potential fraud amount of \$100,000 was included in the General Fund in the Fire Department expenditures in the prior year.

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. Cash and Investments

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. On the Water and Sewer Enterprise Fund Statement of Cash Flows, cash includes the following accounts:

Current Assets:	
Cash and cash equivalents	1,371,712
Restricted Assets:	
Construction accounts	63,773
Customer deposit	305,067
Sewer Bond Fund Reserves	62,351
Water Bond Fund Reserves	<u>210,673</u>
Cash and Cash Equivalents, end of year	<u>2,013,576</u>

Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their maturities exceed 90 days; however, if the maturities are 90 days or less, they are classified as cash equivalents.

At June 30, 2014, the Town had cash and cash equivalents (book balances) as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	614	-	614
Checking account	1,605,289	685,570	2,290,859
Time deposits	<u>380,547</u>	<u>82,668</u>	<u>463,215</u>
Total	<u>1,986,450</u>	<u>768,238</u>	<u>2,754,688</u>
	<u>Cash Equivalents</u>		
		<u>Certificates</u>	
At June 30, 2014:	<u>Cash</u>	<u>of Deposit</u>	<u>Total</u>
Carrying amount on			
balance sheet	<u>2,290,859</u>	<u>463,215</u>	<u>2,754,074</u>

III. Detail Notes on All Funds and Account Groups (Continued)

	<u>Cash</u>	<u>CDs</u>	<u>Total</u>
<u>Bank balances:</u>	2,365,234	463,215	2,828,449
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	500,000	316,054	816,054
b: Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u>	-	-	-
c: Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	-	-	-
d: Uncollateralized, securities held for the entity but <u>not in the entity's name</u>	<u>1,865,234</u>	<u>147,161</u>	<u>2,012,395</u>
Total bank balances	<u>2,365,234</u>	<u>463,215</u>	<u>2,828,449</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

2. Allowance for Uncollectible Accounts

At June 30, 2014, the allowance for estimated uncollectible accounts was \$47,417 in the Water and Sewer Enterprise Fund.

3. Changes in General Governmental Capital Assets

III. Detail Notes on All Funds and Account Groups (Continued)

Capital assets and depreciation activity as of and for the year ended June 30, 2014, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Construction in progress	524,258	87,655	-	611,913
Land	<u>777,458</u>	<u>-</u>	<u>-</u>	<u>777,458</u>
Total capital assets, not being depreciated	<u>1,301,716</u>	<u>87,655</u>	<u>-</u>	<u>1,389,371</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Buildings and improvements	2,138,049	14,170	-	2,152,219
Land improvements	5,011,557	-	-	5,011,557
Machinery & equipment	574,298	22,800	(8,967)	588,131
Vehicles	<u>681,416</u>	<u>-</u>	<u>(187,886)</u>	<u>493,530</u>
Total capital assets being depreciated	8,405,320	36,970	(196,853)	8,245,437
Less accumulated depreciation for:				
Buildings and improvements	(1,258,370)	(55,329)	-	(1,313,699)
Land improvements	(1,549,340)	(191,687)	-	(1,741,027)
Machinery & equipment	(375,713)	(32,110)	(7,203)	(400,620)
Vehicles	<u>(551,906)</u>	<u>(44,759)</u>	<u>(183,741)</u>	<u>(412,924)</u>
Total accumulated depreciation	<u>(3,735,329)</u>	<u>(323,885)</u>	<u>(190,944)</u>	<u>(3,868,270)</u>
Total capital assets being depreciated, net	<u>4,669,991</u>	<u>(286,915)</u>	<u>(387,797)</u>	<u>4,377,167</u>

Depreciation expense of \$323,885 for the year ended June 30, 2014, was charged to the following governmental functions:

General government	110,842
Public safety:	
Police	19,555
Fire	18,244
Public works:	
Streets	29,739
Recreation	14,069
Airport	<u>131,436</u>
Total	<u>323,885</u>

III. Detail Notes on All Funds and Account Groups (Continued)

4. Changes in Proprietary Fund Fixed Assets

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 2014 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Construction in progress	9,375	614,390	-	623,765
Land	<u>51,925</u>	<u>-</u>	<u>-</u>	<u>51,925</u>
Total capital assets, not being depreciated	<u>61,300</u>	<u>614,390</u>	<u>-</u>	<u>675,690</u>
Capital assets being depreciated				
Water & waste water systems	17,145,714	-	-	17,145,714
Machinery, equipment, and vehicles	<u>181,589</u>	<u>25,329</u>	<u>(13,400)</u>	<u>193,518</u>
Total capital assets being depreciated	17,327,303	25,329	(13,400)	17,339,232
Less accumulated depreciation for:				
Water & waste water systems	(3,431,545)	(641,193)	-	(4,072,738)
Machinery, equipment, and vehicles	<u>(128,731)</u>	<u>(24,281)</u>	<u>(10,720)</u>	<u>(142,292)</u>
Total accumulated depreciation	<u>(3,560,276)</u>	<u>(665,474)</u>	<u>(10,720)</u>	<u>(4,215,030)</u>
Total capital assets being depreciated, net	<u>13,767,027</u>	<u>(640,145)</u>	<u>(2,680)</u>	<u>13,124,202</u>

5. Capital assets acquired through leases are summarized as follows:

	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
General Fund:		
Vehicles	235,970	207,696
Equipment	226,233	164,705
Proprietary Fund:		
Equipment	40,965	30,724

III. Detail Notes on All Funds and Account Groups (Continued)

B. LIABILITIES

1. PENSION AND RETIREMENT PLANS

Defined Benefit Pension Plans

The employees of the Town of Rayville, Louisiana participate in a Statewide Local Government Retirement System, a multiple-employer public employee retirement system. The Town's employees participate in the Municipal Employees' Retirement System of Louisiana ("MERS"), the Municipal Police Employees' Retirement System of Louisiana ("MPERS"), and the Firefighters Retirement System of Louisiana ("FRS").

Covered employees are required by State statute to contribute a set percent of their salary to the plans. The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. In the current year, the Town's contribution percentage ranged from 16.75% to 33.5%, determined by the plan in which the employee participated. The contribution requirements and payroll for employees covered by the systems are shown in the schedule below.

<u>Years ended June 30</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total payroll	1,092,900	1,144,926	1,173,195	1,148,492
Total covered payroll	781,584	775,230	909,125	856,310
Employee contributions	73,517	71,659	84,186	71,656
Town contributions	188,431	170,113	191,243	159,927

Employee eligibility, vesting of benefits, the pension benefit obligation contribution requirements and other actuarial and historical trend information on the MERS, MPERS, and FRS can be obtained from the audit reports of each plan which are available for public inspection. The reports may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809 or the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or the Firefighters Retirement System, P. O. Box 94095, Capitol Station, Baton Rouge, Louisiana 70804.

2. COMPENSATED ABSENCES

Accumulated unpaid sick pay and comp pay are accrued when incurred in proprietary and governmental funds. At June 30, 2014, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	46,406
Water and Sewer Fund	<u>6,000</u>
Total	<u>52,406</u>

These amounts do not exceed a normal year's accumulations.

3. LONG-TERM DEBT

- (a) Description of Long-Term Debt

III. Detail Notes on All Funds and Account Groups (Continued)

Bonds and Notes Payable at June 30, 2014, are comprised of the following issues:

	<u>Outstanding Principal</u>
1,054,000 Rural Development Water Revenue Bonds due in monthly payments through July, 2038. Interest rate 4.75%	839,366
194,000 2006 Sewer Bonds due in monthly payments through November 2046. Interest rate 4.125%	178,553
378,000 2007 Sewer Bonds due in monthly payments through September 2047. Interest rate 4.125%	346,831
2,153,000 Water Phase I Bonds due in monthly payments through May 2050. Interest rate 4.25%	2,083,773
4,015,000 Waste Water Bonds due in monthly payments through September 2052. Interest rate 2.125%	3,962,114
25,329 Ally Bank (Truck) due in monthly payments through August 2018. Interest rate 7.64%	21,439
Water Phase II Initial Draw	<u>166,000</u>
Total Bonds and Notes Payable	<u>7,598,076</u>

All above revenue bonds and note payable are being serviced – principal and interest by the Water and Sewer Fund.

The following leases and note payable are being serviced – principal and interest by the General Fund.

Street maintenance machinery. Original financing of \$13,820 at 4.3% payable in 60 monthly payments	<u>8,615</u>
Street maintenance machinery. Original financing of \$30,752 at 7.587% payable in 48 monthly payments	<u>22,589</u>
Street maintenance machinery. Original financing of \$20,600 at 3.957% payable in 36 monthly payments.	<u>20,060</u>

III. Detail Notes on All Funds and Account Groups (Continued)

(b) Changes in Debt (Principal Only)

The following is a summary of debt transactions for each fund of the Town for the fiscal year ended June 30, 2014.

	<u>Proprietary Debt</u>						
	<u>Water Phase I</u>	<u>Water Revenue Bonds</u>	<u>Water Phase II</u>	<u>2006 Sewer Bonds</u>	<u>2007 Sewer Bonds</u>	<u>USDA WWTP</u>	<u>Ally Bank</u>
Payable at July 1, 2013	2,107,824	858,447	-	181,172	351,698	4,015,000	-
New loans	-	-	166,000	-	-	-	25,329
Loans retired	<u>(24,051)</u>	<u>(19,081)</u>	<u>-</u>	<u>(2,619)</u>	<u>(5,137)</u>	<u>(52,886)</u>	<u>(3,890)</u>
Payable at June 30, 2014	<u>2,083,773</u>	<u>839,366</u>	<u>166,000</u>	<u>178,553</u>	<u>346,831</u>	<u>3,962,114</u>	<u>21,439</u>

Governmental Debt

Street
Equipment

Payable at July 1, 2013	40,723
New lease	20,600
Capital lease retired	<u>(10,059)</u>
Payable at June 30, 2014	<u>51,264</u>

(c) Changes in Short-Term Debt (Principal Only)

The following is a summary of debt transactions of the Town for the fiscal year ended June 30, 2014.

	<u>Governmental General Fund Capital Leases</u>	<u>Proprietary</u>					
		<u>Water Phase I</u>	<u>Water Revenue Bonds</u>	<u>USDA WWTP</u>	<u>2006 Sewer Bonds</u>	<u>2007 Sewer Bonds</u>	<u>Ally Bank</u>
Payable at July 1, 2013	9,519	24,055	19,084	42,779	2,618	5,136	-
Loans retired	-	(24,055)	(19,084)	(42,779)	(2,618)	(5,136)	-
Capital lease retired	(9,519)	-	-	-	-	-	-
Allocation of long-term debt	<u>16,795</u>	<u>25,097</u>	<u>20,011</u>	<u>68,239</u>	<u>2,728</u>	<u>5,353</u>	<u>4,653</u>
Payable at June 30, 2014	<u>16,795</u>	<u>25,097</u>	<u>20,011</u>	<u>68,239</u>	<u>2,728</u>	<u>5,353</u>	<u>4,653</u>

(d) Summary of Debt Service Requirements to Maturity

The annual requirements to maturity, including principal and interest, as of June 30, 2014, are as follows:

III. Detail Notes on All Funds and Account Groups (Continued)

Year Ending June 30	Proprietary Debt						
	Water Phase I	Water Revenue Bonds	2006 Sewer Bonds	2007 Sewer Bonds	WWTP Interim Loan	Ally Bank	Water Phase II
2015	113,172	59,448	10,044	19,560	151,776	6,130	-
2016	113,172	59,448	10,044	19,560	151,776	6,130	-
2017	113,172	59,448	10,044	19,560	151,776	6,130	166,000
2018	113,172	59,448	10,044	19,560	151,776	6,130	-
2019	131,172	59,448	10,044	19,560	151,776	511	-
2020-2024	565,860	297,240	50,220	97,800	758,880	-	-
2025-2029	565,860	297,240	50,220	97,800	758,880	-	-
2030-2034	565,860	297,240	50,220	97,800	758,880	-	-
2035-2039	565,860	203,765	50,220	97,800	758,880	-	-
2040-2044	565,860	-	50,220	97,800	758,880	-	-
2045-2049	565,860	-	21,138	37,793	758,880	-	-
2050-2054	108,814	-	-	-	472,113	-	-
2055	-	-	-	-	-	-	-
Total principal & interest	4,069,834	1,392,725	322,458	624,593	5,784,273	25,031	166,000
Less-interest	<u>1,986,061</u>	<u>553,359</u>	<u>143,905</u>	<u>277,762</u>	<u>1,822,159</u>	<u>3,592</u>	<u>-</u>
Principal due as of June 30, 2014	<u>2,083,773</u>	<u>839,366</u>	<u>178,553</u>	<u>346,831</u>	<u>3,962,114</u>	<u>21,439</u>	<u>166,000</u>

Year Ending June 30	Governmental Debt		
	Street Mower	Street Chipper	Street Cutter
2015	3,066	8,885	7,294
2016	3,066	8,885	7,294
2017	<u>3,066</u>	<u>7,405</u>	<u>6,685</u>
Total principal and interest	9,198	25,175	21,273
Less-interest	<u>583</u>	<u>2,586</u>	<u>1,213</u>
Principal due as of June 30, 2014	<u>8,615</u>	<u>22,589</u>	<u>20,060</u>

4. LEASE COMMITMENTS

(a) General Fund

On April 23, 2009 the Town entered into an operating lease agreement for a copier for the police department. The lease agreement calls for 48 monthly payments of \$204. The lease has been extended. In the current year, \$2,448 was paid in copier lease payments.

On August 26, 2009, the Town entered into an operating lease agreement for a copier at city hall. The lease agreement calls for 48 monthly payments of \$236. The lease has been extended. In the current year, \$2,832 was paid in copier lease payments.

III. Detail Notes on All Funds and Account Groups (Continued)

On July 13, 2012, the Town entered into a capital lease agreement to purchase street equipment. The total cost was \$13,820. The lease term is for 60 monthly payments of \$255 with an interest rate of 4.3%.

On April 5, 2013, the Town entered into a capital lease agreement to purchase a chipper for the street department. The total cost was \$30,572. The lease term is for 48 monthly payments of \$740 with an interest rate of 7.587%.

C. INTERFUND RECEIVABLES AND PAYABLES

All routine operating disbursements are made from a Clearing Account Cash Account that is part of the General Fund. Each fund reimburses the Clearing Account for its share of disbursements.

The General Fund's accounts receivable includes \$48,975 that is due to the Clearing Account at June 30, 2014 from the Water and Sewer Fund.

During the current fiscal year the General Fund received operating transfers from the Sales Tax Fund of \$1,157,893 and operating transfers from the Water and Sewer Fund of \$380,301. These were routine transfers. Transfers were budgeted in the General Fund and Sales Tax Fund budgets.

D. ON BEHALF OF PAYMENTS FOR SALARIES

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen. The payments of \$46,500 are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures.

IV. Financial Statement Presentation

A. SALES TAX

The sales tax collections of the Town of Rayville are not restricted as to the use of the monies. The Town assesses 1.50 % sales or use tax. The expiration of the sales tax law passed in April 2013 is July 31, 2023.

The Town's sales tax is composed of two parts. One part is a permanent ½ percent sales tax. The other part is a 1 percent sales tax for a ten year period. The 1 percent sales tax was included on the April 2013 ballot and was renewed for a ten year term that began on July 1, 2013.

The Town established a separate bank account to refund excess sales tax collected from August 1, 2012 through February 28, 2013. Individuals and businesses have the opportunity to submit a claim for a refund of excess sales tax paid. At June 30, 2014, the bank account has a balance of \$24,225. The Town estimates that the amount will be sufficient to handle any additional claims that may be filed.

As required by Louisiana Law R.S. 33:2844, the sales and use tax collection was centralized within each parish beginning July 1, 1992. The Town of Rayville, in conjunction with the other parish taxing authorities, voted to establish a Richland Parish Tax Commission to serve as the collecting agency. The Richland Parish Tax Commission submits its annual audited financial statements which are a matter of public record.

IV. Financial Statement Presentation (Continued)

B. INTEREST EXPENSE PAID

Interest reported as a non-operating expense in the Water and Sewer Enterprise Fund of \$238,332 included accrued interest of \$10,022. Interest paid in the Governmental Fund was \$2,500.

V. Commitments and Contingencies

The Town indicates that there were no pending or threatened litigation, claims, or assessments against the Town that would have a material effect on these financial statements.

Through the USDA RDC, the Town has a grant/loan project committed for funding. One of the projects is Water Phase II. The project budgeted cost is \$2,115,800. The project will be funded through a USDA loan of \$1,190,000 and a USDA grant of \$925,800. As of June 30, 2014, one draw of \$166,000 had been made on the loan.

Through the FAA and LA DOTD, the Town has started an airport improvement project. The project total of \$494,273 will be funded through grants. The cost of the project at June 30, 2014, of \$373,204 was funded by the combined grant agencies. The remaining grant funds available for the project are \$121,069.

Through the FAA and LA DOTD, the Town has started an airport fencing project. The project total of \$284,356 will be funded through grants. The cost of the project at June 30, 2014, of \$231,925 was funded by the combined grant agencies. The remaining grant funds available for the project are \$52,431.

VI. Risk Of Loss

The Town is exposed to a variety of risks that may result in losses. These risks include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Town finances these potential losses through purchasing insurance from several commercial companies. The level of coverage has remained constant. The Town is not a member of a risk pool. All claims currently filed are adequately covered by the policies in place with no outstanding liabilities expected for the Town.

Required Supplemental Information

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	390,000	459,487	69,487
Licenses and permits	155,500	160,575	5,075
Intergovernmental	265,000	243,097	(21,903)
Charges for services	200,000	278,583	78,583
Fines and forfeits	500,000	251,919	(248,081)
Interest	4,500	2,299	(2,201)
Other	<u>100,000</u>	<u>64,214</u>	<u>(35,786)</u>
Total revenues	1,615,000	1,460,174	(154,826)
Expenditures:			
Current:			
General government	700,000	915,666	(215,666)
Fire	125,000	151,508	(26,508)
Police	906,000	902,417	3,583
Highways & streets	550,000	499,838	50,162
Sanitation	240,000	247,627	(7,627)
Recreation	91,000	67,553	23,447
Airport	18,000	16,152	1,848
Capital outlay	<u>650,000</u>	<u>124,623</u>	<u>525,377</u>
Total expenditures	<u>3,280,000</u>	<u>2,925,384</u>	<u>354,616</u>
Excess (deficiency) of revenues over expenditures	(1,665,000)	(1,465,210)	199,790
Other financing sources (uses):			
Capital lease proceeds	-	20,600	20,600
Operating transfers in (out):			
Water and sewer fund	65,000	380,301	315,301
Sales tax fund	<u>1,600,000</u>	<u>1,157,893</u>	<u>(442,107)</u>
Total other sources (uses)	<u>1,665,000</u>	<u>1,558,794</u>	<u>(106,206)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	93,584	<u>93,584</u>
Fund balance at beginning of year		<u>420,864</u>	
Fund balance at end of year		<u>514,448</u>	

See accompanying independent auditors' report.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET (GAAP BASIS) AND
ACTUAL-SALES TAX SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	1,355,000	1,436,754	81,754
Interest	<u>150</u>	<u>124</u>	<u>(26)</u>
Total revenues	1,355,150	1,436,878	81,728
Expenditures:			
General government:			
Office/administrative	<u>14,700</u>	<u>18,335</u>	<u>(3,635)</u>
Total expenditures	<u>14,700</u>	<u>18,335</u>	<u>(3,635)</u>
Excess (deficiency) of revenues over expenditures	1,340,450	1,418,543	78,093
Other financing sources (uses):			
Operating transfers in (out):			
General fund	<u>(1,600,000)</u>	<u>(1,157,893)</u>	<u>442,107</u>
Total other financing sources (uses)	<u>(1,600,000)</u>	<u>(1,157,893)</u>	<u>442,107</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(259,550)</u>	260,650	<u>520,200</u>
Fund balance at beginning of year		<u>131,468</u>	
Fund balance at end of year		<u>392,118</u>	

See accompanying independent auditors' report.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL-
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest	<u>-</u>	<u>55</u>	<u>55</u>
Total revenues	<u>-</u>	<u>55</u>	<u>55</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>55</u>	<u>55</u>
Other financing sources (uses)			
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expen- ditures and other uses	<u>-</u>	<u>55</u>	<u>55</u>
Fund balance at beginning of year		<u>42,389</u>	
Fund balance at end of year		<u>42,444</u>	

See accompanying independent auditors' report.

Supplementary Information

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Board Member:</u>	<u>Amount</u>
Valerie Allen	4,800
Terry Brown	4,800
Debra James	4,800
Johnny Jones	4,800
Timothy Tennant	<u>4,800</u>
Total	<u>24,000</u>

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
United States Department of Transportation: Federal Aviation Administration- Airport Improvements Program	20.106	72,301
United States Department of Agriculture: *Water and Waste Disposal Systems for Rural Communities - Waste Water Treatment Plant and Collection System Rehabilitation	10.760	614,390
United States Department of Agriculture: Community Facilities Loans and Grants	10.766	<u>40,000</u>
Totals		<u>726,691</u>

(1) Major Federal Programs are indicated by (*)

TOWN OF RAYVILLE, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Rayville and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

The Town of Rayville did not pass through any of its federal awards to a subrecipient during the fiscal year, nor did it expend any federal awards in the form of noncash assistance.

Other Reports

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 31, 2014

To the Honorable Mayor Harry Lewis
and the Members of the Town Council
Town of Rayville, Louisiana

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rayville as of and for the year ended June 30 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion of the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2014-1 and 2014-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2014-2, 2014-3 and 2014-5.

Town of Rayville's Response to Findings

The Town of Rayville's response to the findings identified in our audit is described in the accompanying management's corrective action plan for current year findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 31, 2014

To the Honorable Mayor Harry Lewis
and the Members of the Town Council
Town of Rayville, Louisiana

Independent Auditor's Report on Compliance for Each Major Program;
and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited the Town of Rayville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Rayville's major federal programs for the year ended June 30, 2014. The Town of Rayville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Rayville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Rayville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Rayville's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Rayville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town of Rayville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Rayville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Rayville's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Rayville, Louisiana.
2. Two material weaknesses relating to the audit of the basic financial statements are reported.
3. Three instances of noncompliance relating to the basic financial statements of the Town of Rayville, Louisiana were disclosed during the audit.
4. The auditor's report on compliance for major federal award programs of the Town of Rayville, Louisiana expresses an unmodified opinion.
5. There are no audit findings relative to major federal award programs of the Town of Rayville, Louisiana.
6. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
USDA: Water – WWTP & Rehab.	10.760

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Town of Rayville was determined to not be a low-risk auditee.

B. Findings – Financial Statement Audit

2014-1: Inadequate Segregation of Duties:

Due to the Town's limited number of personnel, the segregation of duties is not always possible. It was noted that employees who handle cash receipts and post payments to customer accounts also have the authority to write-off account balances and edit customer accounts, as well as complete deposits. We recommend that the Town separate these functions.

2014-2: Budget Variance:

The Town had unfavorable variances of more than 5% in its General Fund during the year. The Budget Act requires that budget be amended when variances exceed 5%. We recommend that Town management monitor the budget throughout the year and make necessary amendments.

2014-3: Town Ordinances and Resolutions:

The Town was not able to provide all ordinances and resolutions noted in the Town's minutes. Also, certain ordinances / resolutions provided did not match the ordinance / resolution number per approved Town minutes.

2014-4: Legislative Auditor Investigation:

The Louisiana Legislative Auditor is performing an investigation of potential fraud related to the purchase of supplies by the Town's fire department. The potential fraud is currently estimated at \$100,000. The investigative team has not completed their work.

2014-5: Reserve Account Funding:

Related to the Waste Water Treatment Plant Bonds issued September 17, 2012, the Town is required to establish cash accounts and maintain certain balances in these accounts. As of June 30, 2014, the Town had not adequately funded the required cash accounts.

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

2013-1: Inadequate Segregation of Duties:

Repeated as 2014-1.

2013-2: Budget Variance:

Repeated as 2014-2.

2013-3: Cash in Excess of Federally Insured Limits:

Corrected during fiscal year 2014.

2013-4: Town Ordinances and Resolutions:

Repeated as 2014-3.

2013-5: LCDBG Program:

No LCDBG Program applicable to fiscal year 2014.

2013-6: Collection of Expired Sales Tax:

See footnote IV.A for discussion of this matter.

2013-7: Legislative Auditor Investigation:

Repeated as 2014-4.

TOWN OF RAYVILLE
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

2014-1

The Town clerk will separate the functions as well as she can, but with the limited number of employees, this may not be completely possible. However, the Town set certain procedures into place during the year to help mitigate this risk.

2014-2

The Town clerk will make efforts to monitor budget variances, and comply with the Budget Act by proposing amendments when necessary.

2014-3

The Town management will make efforts to ensure all ordinances and resolutions are properly maintained and in agreement with board minutes.

2014-4

The Town management will implement controls over purchase request, request approval, and disbursement authorization.

2014-5

The Town management will make efforts to ensure all required cash accounts are adequately funded.